

<p style="text-align: center;">SENATOR JON S. CORZINE PREVENTING PUNITIVE STUDENT AID CUTS</p>
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The recently enacted FY2005 Omnibus appropriations bill failed to include Senator Corzine's language blocking the Bush Administration's new rules for calculating student aid. By failing to include the Corzine language, which passed the Senate in 2003 with bipartisan support, the new rules will now go into effect. To block the new rules, Senator Corzine introduced the *Ensuring College Access for All Americans Act* (S.187). This legislation will ensure that no student loses or sees a reduction in his or her Pell Grant assistance in the 2005-2006 school year because of the recent changes made to the formula to determine eligibility for such aid.

BACKGROUND

On December 23, 2004, the Department of Education published updates to the allowance for state and other taxes that will be used by students and their families to calculate their expected family contribution, or EFC, for the 2005-2006 school year. The EFC is the amount that students and their families are expected to contribute from discretionary income towards college in a given year. A family's EFC determines eligibility for Pell Grants and other forms of federal aid. Some state and private institutions also use EFC to determine eligibility for financial aid.

THE CHANGES WILL HURT STUDENTS

The Department's changes to the state and other tax allowance will increase EFC for nearly all American families and students, and will reduce Pell Grant assistance in the 2005-2006 school by \$300 million. In fact, the changes in the state and local tax allowances will cause 89,000 students to lose their Pell Grants entirely, and will reduce Pell Grants aid to 1.3 million. Students will lose other types of Federal, state and private assistance, as well. By some estimates, the total reductions in student aid resulting from the Department's changes to the state and local tax allowance will be in the billions of dollars.

STATE AND LOCAL TAXES ARE INCREASING, NOT DECREASING

The Department's changes are unfair, as they decrease the credit families get for paying state and local taxes at a time when those taxes are going up. The Department's changes are based on Fiscal Year 2002 state and local tax information. Since this time, state tax burden has increased substantially. According to the National Association of State Budget Officers, since FY2002, states raised taxes have raised taxes by more than \$14 billion.

TUITION IS RISING RAPIDLY

The timing of the Department's actions couldn't be any worse, as tuition is rising sharply across the country, particularly at public colleges and universities. According to a recent report by the College Board, tuition at four-year increased by 10.5 percent in the 2004-2005 college year. The tuition at two-year public colleges increased 8.7 percent.